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RV BUSINESS

DECEMBER 2, 1991

29TH ANNUAL NATIONAL RV TRADE SHOW

LOUISVILLE, KENTUCKY

7 RV Makers Hold Down '92 Prices

7 RV Makers' Accessory Sales Spark Debate

8 Skyline Realigns Top Management

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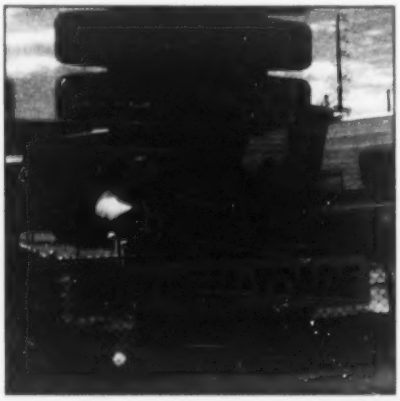
19 WDA Honors Members, Elects '92 Officers

RV BUSINESS

VOLUME 42, NUMBER 16 DECEMBER 2, 1991 TWO DOLLARS



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COVER PHOTOS COURTESY OF LOUISVILLE CONVENTION & VISITORS BUREAU: (CLOCKWISE) JOCKEY AT CHURCHILL DOWNS, 'BELLE OF LOUISVILLE' PADDLE WHEELER AND MAIN STREET

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JULY SALES POINT TO RECOVERY

THOMAS WALWORTH

Retail figures for the month of July 1991 reveal that the market continued to rally from its early '91 depths. While the RV-trailer market was off 9.64% year-to-date compared with the same period of 1990, that figure nonetheless represented a clear improvement from the June 1991 year-to-date deficit of 12.7%. July motorhome sales year-to-date were off 32.3% from the 1990 figure for the corresponding period, but that was better than their year-to-date lag in June of 34.9%.

RV-trailer sales during July 1991 surpassed those of the preceding July by 5.03%, marking the first month of 1991 that outsold the comparative month of the preceding year. *(See figures on page 26.)*

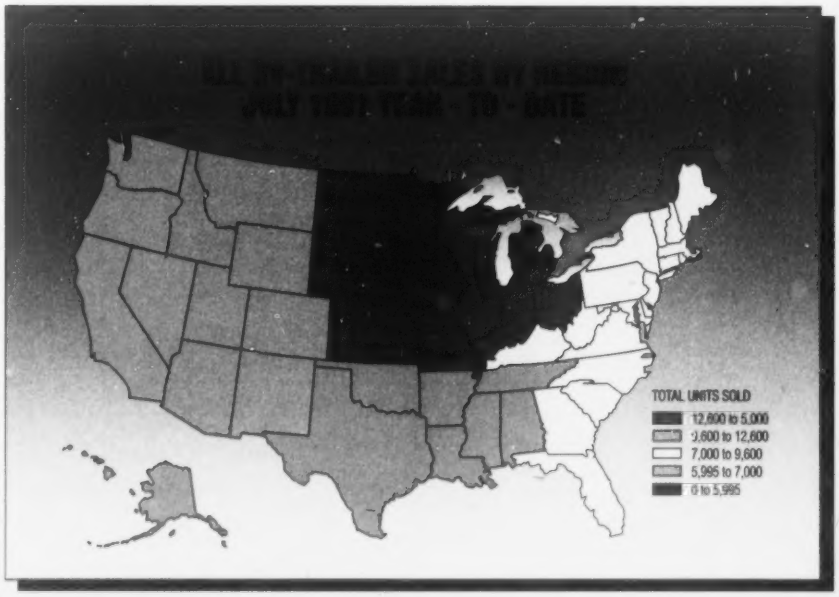
Using the July 1991 RV-trailer sales figures, the seven national regions have been ranked in Figure 1 according to their percent of change in sales from July 1990. Ohio, with the largest gain, led the East North Central region to the top of the chart. The South Atlantic region was bottom-ranked, with North Carolina suffering the largest loss in July.

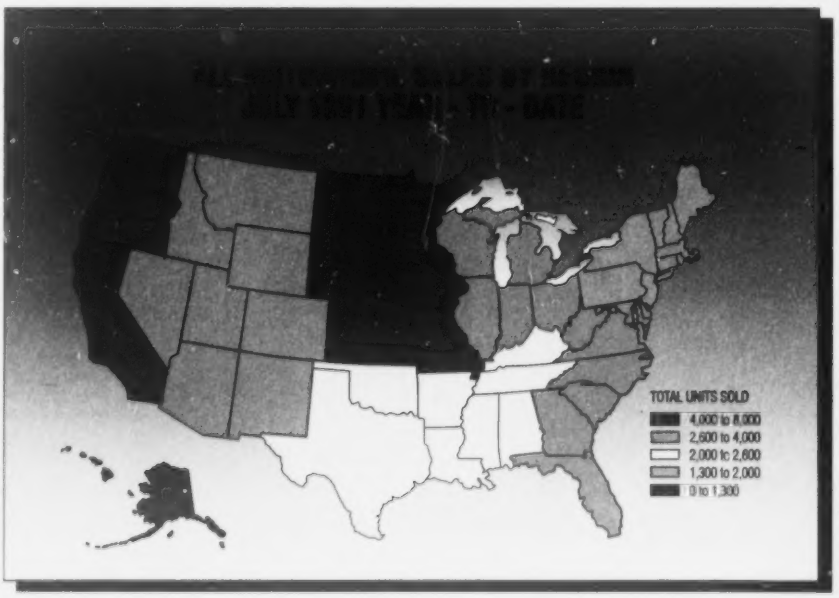
Year-to-date, the RV-trailer market dropped 9.64%, which translates to a decrease of 7,153 units from the total for the first seven months of 1990.

Figure 2 ranks the nation's regions according to percent change in RV-trailer sales between 1991 and the same period of 1990. The East North Central region secured the top place, led by Wisconsin, which showed the area's largest gain. The Northeast region had the poorest showing for the year-to-date, with the greatest drop occurring in New Hampshire.

Overall, the motorhome market was down in July by 20.1%, or 878 units, from that month in 1990. July's motorhome sales, by region, are reflected in the rankings shown in Figure 3. California, in the Pacific region, experienced the largest increase, while the South Atlantic region trailed the nation, with Delaware reporting the greatest drop.

Motorhome sales, year-to-date, were off by 32.3% as of July, or 9,887 units less than the tally for the first seven months of 1990. Figure 4 shows the seven national regions





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

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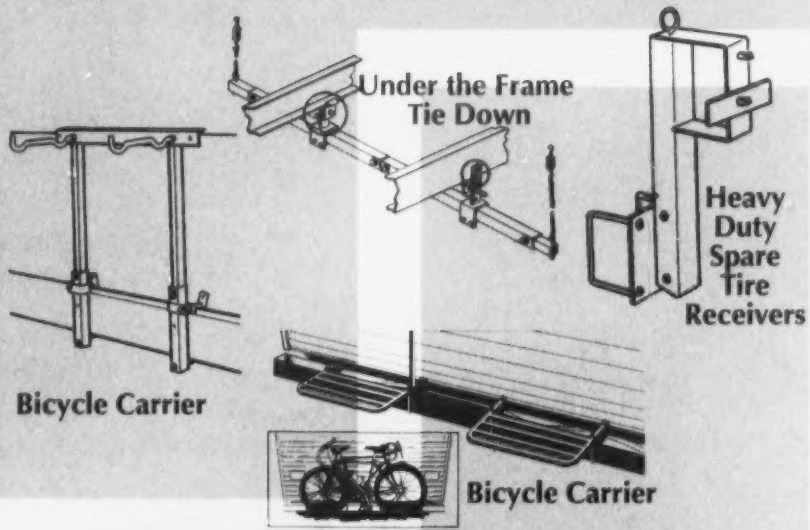

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AT RETAIL *continued*

ranked according to the percent change in their year-to-date motorhome sales compared with the same period of 1990. California forged the way for the Pacific region, which took the No. 1 ranking, while the South Atlantic region came in last place,

RV TRAILERS, JULY '91

July '91 Rank	Region	% of Change From July '90	June '91 Rank
1	E.N. Central	16.6	6
2	Northeast	15.4	7
3	Mountain	15.2	4
4	Pacific	1.2	5
5	W.N. Central	-2.1	3
6	S. Central	-5.9	1
7	S. Atlantic	-7.4	2

Figure 1

RV TRAILERS, YEAR-TO-DATE

July '91 Rank	Region	% of Change Year-to-Date	June '91 Rank
1	E.N. Central	-.3	2
2	W.N. Central	-3.3	1
3	Mountain	-7.6	3
4	S. Central	-11.4	4
5	S. Atlantic	-11.8	5
6	Pacific	-12.3	6
7	Northeast	-18.2	7

Figure 2

MOTORHOMES, JULY '91

July '91 Rank	Region	% of Change From July '90	June '91 Rank
1	Pacific	- 1.5	5
2	Northeast	-20.0	7
3	E.N. Central	-25.3	3
4	Mountain	-28.4	2
5	S. Central	-34.5	1
6	W.N. Central	-35.5	4
7	S. Atlantic	-36.3	6

Figure 3

MOTORHOMES, YEAR-TO-DATE

July '91 Rank	Region	% of Change Year-to-Date	June '91 Rank
1	Pacific	-24.4	1
2	W.N. Central	-30.6	2
3	E.N. Central	-31.9	3
4	Mountain	-33.2	4
5	S. Central	-34.7	5
6	Northeast	-41.3	7
7	S. Atlantic	-42.6	6

Figure 4

with the state of Florida recording the largest decline.

July sales demonstrated that the RV industry was working its way out of the worst retail market in the last 10 years, with the RV-trailer market coming back to top its pre-Gulf War totals of July 1990. Starting in August, sales are expected to show a large rebound when compared with the wartime months of 1990. In sum, the industry is improving steadily – day by day, week by week, month by month. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

AUGUST SHIPMENTS SLIP SLIGHTLY

MORTON J. MARCUS

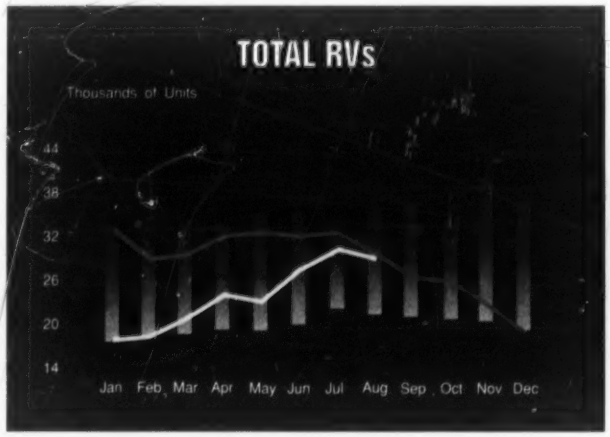

Figure 1

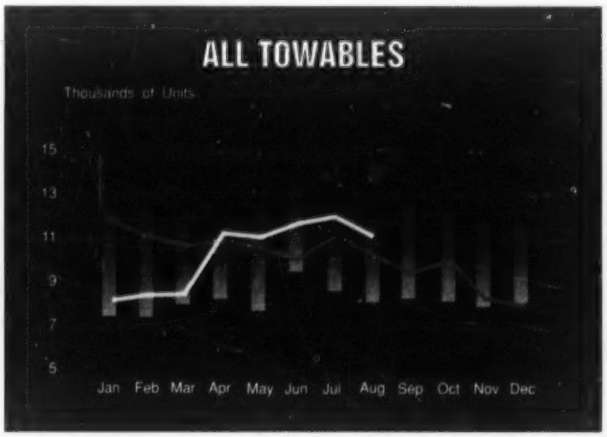

Figure 2

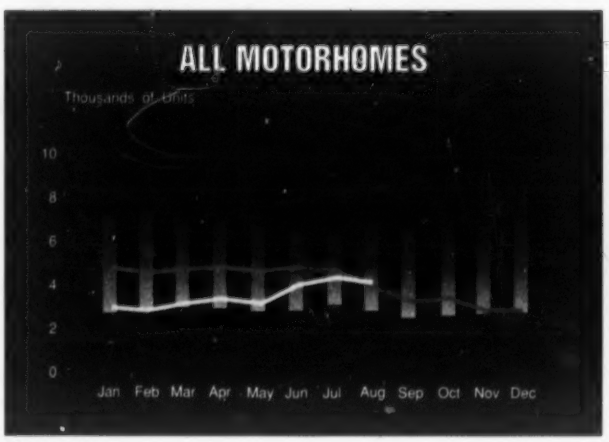

Figure 3

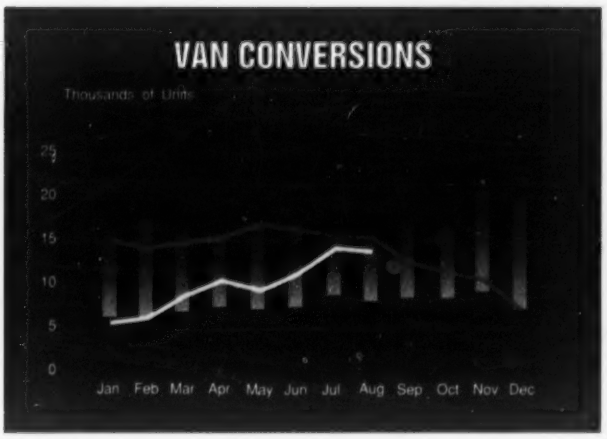

Figure 4

1981-90 Shipment's Range
1990 Monthly Shipments
1991 Monthly Shipments

Over the years, I have been advised by readers of this monthly report on RV shipments both to "Tell us the good news" and to "Tell it like it is." Some readers encourage me to avoid any depressing news. Others believe that upbeat versions of the news must be inherently false – just some puffery to make the industry look good.

Fortunately, the editors and publisher of *RV Business* have never asked me to write in any particular manner. Their instructions are simple: Get the text in on time, be clear and don't be too wordy.

I make these comments because the truth is not clear and rarely simple. The data often leave us with many questions of interpretation. The latest shipment data from RVIA were a good example.

When adjusted for normal seasonal patterns, the August shipment data indicated a slight decline from July. *(See Figure 1.)* At 29,410 units, August was off by almost 6% from a month earlier. This was the second interruption in the dramatic rise from the recession's low reached in January. A similar decline occurred in May when total shipments fell 4.2% below those of April.

Up and down movements are to be expected. But with all of the talk in the press and on television about a second downturn in the American economy – the possibility of a "double dip" – any decline may be viewed as a signal.

When we reported the May slippage, we noted that the downward movement had not taken shipments below the March numbers; that is, the decline was less than the climb of the previous month. Then in June and July, the industry advanced again.

Now we had another slippage of the same nature. The drop from July to August was not as great as the climb from June to July. As a result, we did not view this latest data with any alarm. It was not difficult to see a continuing, general rise in the data.

Motorhomes and van conversions told the same story: The decline in August was less than the rise in July. *(See Figures 3 and 4.)* Only towables indicated a decline greater than the previous increase. *(See Figure 2.)*

But this is where analysis becomes difficult. August towables were in fairly good shape. Look at Figures 2, 3 and 4 again. August was the fifth consecutive month in which towable shipments were greater than the same month in 1990. Motorhomes achieved that enviable position in August, but van conversions had yet to get back to last year's level in any month of 1991. All three major types of RVs were well within the three-year historical range for the month.

From this standpoint, the industry in August was down, but it is hard to make a negative case out of the available numbers.

A Closer Look

The August data were negative but only by small amounts. Note all the minus signs in Figure 5. But there were positive signs to be observed as well. Of greatest importance were the small numbers involved. In some cases, the percentages looked large, but they were in small-volume segments of the market.

For example, park models dropped down 190 units (27%) in August from July and 100 units (16.3%) from August 1990. This is a minor segment of the larger class of travel trailers, which was up from both the preceding month and the year-earlier levels. Hence, the effects on manufacturers and dealers were likely to be minimal.

The persistence of concern in the industry was, however, justified. With the exception of folding camping trailers, every type of RV shown in Figure 6 was down for the year-to-date. In total, after eight months, shipments in 1991 were running 23% below the corresponding point of 1990. But that is clearly the consequence of the recession, which hit the industry just at August in 1990 when Iraq crossed into Kuwait. The deficit in shipments, as of August, stood at 59,200 units for the year.

From there on out, however, the figures are expected to improve, and the year-to-date deficit is projected to be reduced in subsequent months. On into early 1992, comparisons will continue to be drawn between the weak conditions of the recession period and the four months that follow August. The overall industry picture will be improved because of the comparisons being made.

Short-term issues often receive the greatest attention, but the general picture of improvement that recent figures provide must be contrasted with the demoralizing sluggishness of the RV market over a longer period.

We can easily understand that shipments each month in 1991 have been below those of the same month a year earlier. The easy explanation would be, "Oh, that is just the recession and the climb out of it." But we would deceive ourselves by such an easy dismissal of the evidence.

In 1990, 10 of 12 months were below the same month of 1989. On top of that, in 1989,

RV SHIPMENTS—ANNUAL COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Year-to-Date 1991	Year-to-Date 1990	Difference Number	Difference %	% Market Share 1991	% Market Share 1990
TOTAL RVs	195,430	254,630	-59,200	-23.2	100.00	100.00
Travel Trailers:						
Conventional	32,510	36,410	-3,900	-10.7	16.64	14.30
Park Models	4,570	4,890	-320	-6.5	2.34	1.92
Fifth-wheels	18,170	19,740	-1,570	-8.0	9.30	7.75
All Travel Trailers	55,250	61,040	-5,790	-9.5	28.27	23.97
Folding Camping Trailers	22,190	21,900	290	1.3	11.35	8.60
Truck Campers	6,400	6,600	-200	-3.0	3.28	2.59
TOTAL TOWABLES	83,850	89,540	-5,690	-6.4	42.90	35.16
Motorhomes:						
Class A	15,650	21,740	-6,090	-28.0	8.01	8.54
Class B	2,600	4,080	-1,480	-36.4	1.33	1.60
Class C:						
Minis	8,700	9,850	-1,150	-11.6	4.45	3.87
Low-Profiles	320	480	-160	-33.8	0.16	0.19
Micro-minis	1,470	2,240	-770	-34.6	0.75	0.88
Class C Total	10,490	12,570	-2,080	-16.6	5.37	4.94
TOTAL MOTORHOMES	28,740	38,390	-9,650	-25.1	14.70	15.08
TOTAL TOWABLES & MOTORHOMES	112,580	127,930	-15,350	-12.0	57.61	50.24
Multiuse Van Conversions	82,850	126,700	-43,850	-34.6	42.39	49.76

Note: Data rounded to nearest 10 units, market-share percentages may not add to total because of rounding.

Figure 5

RV SHIPMENTS—MONTHLY COMPARISONS

(Adjusted for seasonal variation)

Type of Units	Aug. '91	Change from Jul. '91 Number	Change from Jul. '91 %	Change from Aug. '90 Number	Change from Aug. '90 %
TOTAL RVs	29,410	-1,860	-5.9	-1,290	-4.2
Travel Trailers:					
Conventional	4,830	140	3.0	420	9.5
Park Models	530	-190	-27.0	-100	-16.3
Fifth-wheels	2,700	200	7.9	540	24.9
All Travel Trailers	8,050	140	1.8	850	11.9
Folding Camping Trailers	2,340	-790	-25.3	-290	-11.2
Truck Campers	850	-200	-18.8	-10	-1.0
TOTAL TOWABLES	11,240	-850	-7.0	550	5.2
Motorhomes:					
Class A	2,370	30	1.1	110	4.8
Class B	300	-40	-12.3	-210	-41.1
Class C:					
Minis	1,280	-180	-12.2	390	44.2
Low-Profiles	70	-100	-58.5	0	0.0
Micro-minis	200	-50	-20.6	-100	-33.8
Class C Total	1,550	-330	-17.4	290	23.0
TOTAL MOTORHOMES	4,220	-340	-7.5	190	4.7
TOTAL TOWABLES & MOTORHOMES	15,460	-1,190	-7.1	740	5.0
Multiuse Van Conversions	13,950	-670	-4.6	-2,030	-12.7

Note: Data rounded to nearest 10 units.

Figure 6

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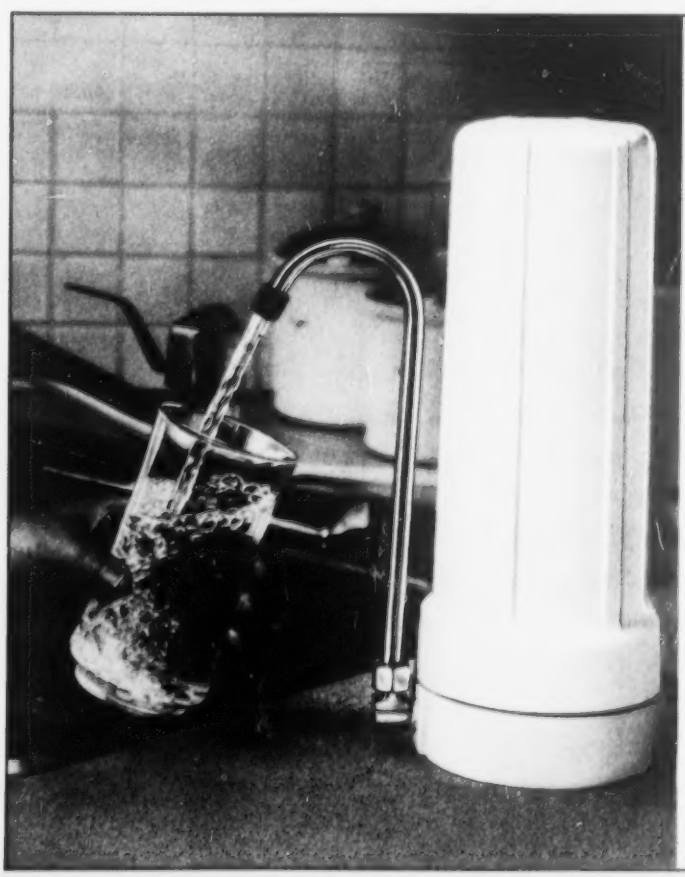
RVIA SHIPMENTS *continued*

we had the same experience: 10 of 12 months in that year below the corresponding month of 1988. In sum, 28 of the last 32 months failed to reach the level of the same month a year earlier.

Only twice since March of 1989 (in April and May of 1990) did the industry outperform its monthly shipments of the year before. This indicates a longer slide than just the recent recession. The serious problems in the American economy, which are easily reflected in the RV industry, were hidden from view by the euphoria of a long expansion. Now, in retrospect, it is easy to see that the nation's economic problems and the industry's are long-standing.

The election campaign of 1992 is now in progress. Let us hope that the candidates focus on the substantial problems of America, on the well-being of our people rather than on peripheral issues. Those side issues may stir our emotions, but they avoid dealing with the thin wallets of consumers and the weak balance sheets of our companies. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.



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